

ATTN FTC

Hello Ms. Helen Wong,

My name is Bo Chen. I am a 30 year old male US citizen and permanent resident of the city of Arlington in Tarrant County of the State of Texas.

I came across your name when reading about Erik Chevalier (The Forking Path) and his Kickstarter campaign. I would like to contact the FTC about a similar issue pertaining to another Kickstarter campaign called "Star Citizen". "Star Citizen" is a Kickstarter campaign that promised among many other things to be an exclusive PC game that focused on delivering a rich universe focused on epic space adventure, trading and dogfighting in first person, Single Player – Offline or Online(Drop in / Drop out co-op play), Persistent Universe (hosted by US), Mod-able multiplayer (hosted by YOU), and promised that there would be "No Subscriptions" and "No Pay to Win".

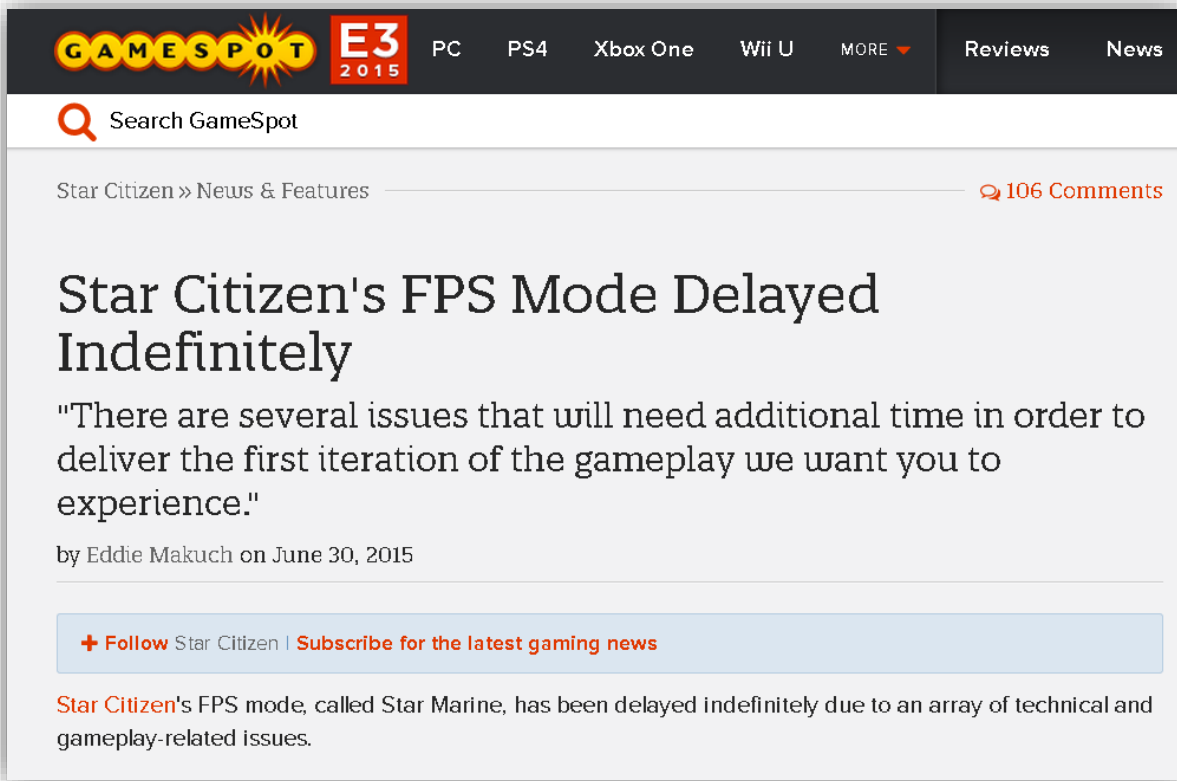
(<https://www.kickstarter.com/projects/cig/star-citizen>)

Real quick, Star Citizen is:

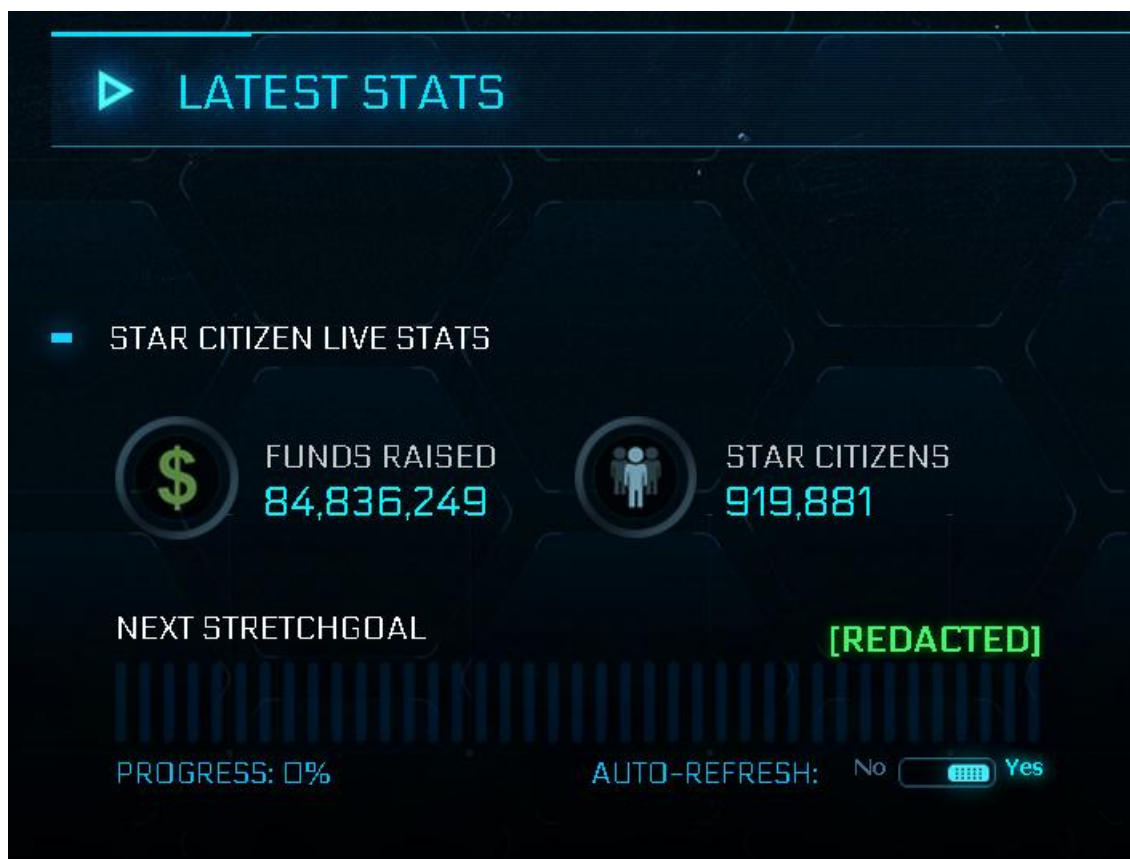
- A rich universe focused on epic space adventure, trading and dogfighting in first person.
- Single Player – Offline or Online(Drop in / Drop out co-op play)
- Persistent Universe (hosted by US)
- Mod-able multiplayer (hosted by YOU)
- No Subscriptions
- No Pay to Win

The Star Citizen Kickstarter campaign was launched on or about October 18, 2012. By the time the initial Kickstarter campaign finished on or about November 19, 2012 they had amassed \$2,134,375 USD with 34,397 backers. From there, the campaign and funding continued on Star Citizen's own public website (url : <https://robertsspaceindustries.com/funding-goals>) where they continued to ask for more funding to present day.

Chris Roberts the creator of Star Citizen campaign on Kickstarter and also the self-proclaimed "chairman" of "Star Citizen", CIG "Cloud Imperium Games", and RSI "Roberts Space Industries", etc represented to all of the original Kickstarter backers and funders that if they could help him reach the \$65 million mark of funding that they would be able to complete the game on time if not even earlier than projected and in a manner with all the dreamed about features, functions and everything from his wish-list or bucket-list fully implemented and brought to fruition in the form of a completely developed PC game ready for release. As of this writing they have received more than \$84,825,995 USD in funds from more than 919,798 backers. The game was originally promised to be created, finished and delivered with public release by late 2014. As of this writing they have not delivered on any of their initial promises. Recently in late June and early July of 2015 Star Citizen informed its backers and the public that they have ran into huge technical and game-play issues and that the first person aspect of the game would be put on hold indefinitely.



I have reason to believe and I do believe that Chris Roberts, "Star Citizen", CIG "Cloud Imperium Games", and RSI "Roberts Space Industries" are guilty of using and having used a combination of deceptive tactics and deceptive representations to defraud consumers in masse. Altogether since 2012 and to the present they have induced the public to part with almost \$85 million USD and most if not all of these monies were raised under deceptive pretenses and with material misrepresentations.



To start, I wish to report on Star Citizen's (Chris Roberts, "Star Citizen", CIG "Cloud Imperium Games", and RSI "Roberts Space Industries") use of deceptive wording and other "crowdfunding" loopholes to unlawfully benefit and enrich themselves financially at the direct expense of exploiting consumers and the public at large. Since the beginning Star Citizen has unethically and perhaps unlawfully equivocated by taking both positions of "sale"/"sales" of ships and "donation or pledge" at the same time. And they have repeatedly arbitrated and switched back and forth depending upon which definition and which interpretation benefited them the most at the time. They are essentially double dipping into the "sales" concept in order to promise things they haven't delivered (and likely won't ever deliver) and using that directly to increase and induce monetary income (with) what they will later call a pledge and donation so they can get out of having to deliver anything by using such trickery and loopholes. By taking this position, they could be attempting to get away with fraudulent conveyance. Can they get away with calling everything a "sale" when it benefits them and when they want to advertise features to induce more money, but then when push comes to shove and they can't deliver what they sold or promised to sell then they want to call it a 'donation' so they can get away with not living up to what they promised? If ship sales are donations then why do these sales get taxed and why are they subjected to VAT? If they are not pledges and/or donations but indeed sales, then consumers should have recourse if the virtual ships and the underlying game in which the ships derive their entire value from aren't produced in a satisfactory and/or reasonably timely fashioned as advertised and represented at the time of sale.

<https://web.archive.org/web/20150127164307/https://robertsspaceindustries.com/comm-link/transmission/14433-VAT-Change-Announcement>

The downside of this organizational change is that starting on February 1st, we will be required to charge VAT on all purchases (including digital goods) made through the Roberts Space Industries International website, similar to how we must charge sales tax on items sold in Texas and California. And as you may have read in the press, as of 2015 every seller has to charge the rate applicable in the country of the purchaser. This means that in the coming days, the effective rate for European backers will go up depending on the VAT rate of their home country. We know that European backers are familiar with VAT, and likely have already encountered these charges on goods purchased elsewhere online. We wish there were an alternative to charging the tax, but also believe that it is in our best interest to expand Star Citizen's footprint to a part of the world that has proven to be truly passionate about space games!

CIG/RSI sold many of the higher priced exclusive ships (Idris at \$5000 USD per virtual ship, Javelin at \$2500 USD, Genesis Starliner at \$400 USD, for example) under false pretenses and misrepresentations of there being a permanently "limited amount" of virtual ships sold in terms of fixed and finite units in the entire gaming system, and presented and offered such virtual ships to prospective buyers with the artificially enforced scarcity thereby limiting supply and driving up demand and directly giving the virtual ships most of their (artificially inflated) perceived value. Unlike physical goods, digital goods have no variable cost of production. After the first unit is produced it essentially costs zero in resources, monetary or otherwise, to make any arbitrary number of copies, instances or duplicates. In essence, the margin cost of an additional unit or copy is zero or negligible at best. After the fact, after the "limited" sales, CIG/RSI should be bound by the terms of their own agreement and offerings. By later offering another round of sales to new buyers they directly devalue the value proposition of the products of the original owners before it can even be delivered (since now there are more of the same ships in the system) while at the same time directly profiting from that act (had they abide by their own agreement they would not have been able to sell and profit from the second or third rounds of cash infusions for what they said they would not do) -- not to mention this all happened post-sales but before they could actually deliver any said virtual ships to anyone. The real world physical analogy of this would be if you purchased a pack of ten USB sticks from Amazon.com and after having submitting payment but prior to receiving the actual product, the packager at Amazon decides to take five of the USB sticks and to keep that for himself before shipping out the remainder five USB

sticks. This is bona fide theft and that is what CIG/RSI is guilty of having committed. The entire value of these exorbitantly priced virtual ships are derived from the artificial scarcity that RSI/CIG themselves set at the time of offering and presentation of sales; they cannot then after the fact, post-sales decide to offer more without devaluing and effectively stealing from the previous owners especially since they have yet to even deliver any of the expensive virtual ships that they sold and yet to deliver a working playable game that the expensive virtual ships' values are directly derived from. When many consumers complained about this on the forums and elsewhere, CIG/RSI publicly admitted in writing that they "made a mistake", but instead of compensating the victims they outlined a new policy that going forward they were still going to sell more of what they earlier represented as "limited ships".

<https://web.archive.org/web/20150130201559/https://robertsspaceindustries.com/comm-link/transmission/13377-Anniversary-Sale-Details>

Why are you offering the limited ships again?

Although we have offered the limited ships for sale half a dozen times at this point, the subject continues to be raised on the forums. We are aware that the original Kickstarter page states that these ships would not be sold again. Had we the ability to edit this page, we would add the following information: We made a mistake! The concept was that for the ships with a specified inventory (Scythe and Idris-M), we were only ever going to sell that quantity – hence the never sell it again wording, but the other ships that were not quantity limited were meant to be limited in that we would have them for sale for limited durations, so they would be a scarce commodity. Unfortunately our wording did not communicate this and the impression on our original post was that everything offered for limited sale would not be sold again. We subsequently corrected this to clarify that we were really talking about the ships that were offered with finite quantities but the issue has continued to be raised. This is our official stance on this so please bookmark this post for future forum debate! :)



Beyond this our fan base has grown exponentially, and we are inundated with users who want to start the game as a tanker captain or a racer or a pirate. While we owe a great debt to our original backers, we would like everyone to experience the Star Citizen universe the way they would prefer. As a result we will continue to offer some "limited" ships during special occasions. Note that any ship with a finite quantity once the last is sold there will be no more.

Will you be offering the Vanduul Scythe or Idris-M again?

Both of these sales took place "in universe," the result of the UEE capturing a Vanduul carrier and then selling off an allotment of surplus Idris corvettes. These were unique events which allowed us to offer ships which would not ordinarily be available for sale. You will be able to upgrade your Idris-P to military specifications using kits available in the finished game.

In similar fashion, CIG/RSI has also went back on many of its earlier promises to the original Kickstarter backers. For example, during the initial Kickstarter campaign of 2012, Chris Roberts promised all of the initial backers that if they were to fund Star Citizen at this very early stage, they would be given exclusive "LTI" and that this "LTI" would never again be offered nor given again to anyone or to any future backers and nor would it be available for sale in the future. "LTI" stands for "lifetime insurance", and essentially it is virtual insurance for virtual ships against virtual damage or virtual destruction in a virtual Star Citizen universe. The premise was that early backers would be exclusively given this "lifetime insurance" while late comers and future backers would have to pay a monthly fee with real money to CIG/RSI in Star Citizen if they wanted to virtually insure their virtual ships against virtual damage in the virtual game. Without such virtual insurance, if a player's ship was damaged in a fight or battle or collision in the game, he or she would have to start over from scratch and would likely have to spend hundreds if not thousands of real USD dollars in order to buy or acquire another similar ship to replace the ship or ships that were lost or damaged. Later on, Chris Roberts went against his own promises to the original Kickstarter backers and decided to offer "LTI" for sale (real money) to new comers and new backers alike. His rationale for doing so was that because there was an influx of a lot more "new backers" or "new money" than he had originally expected or anticipated, that he felt he should 'rebalanced the game' and that he was essentially obligated (in my opinion by greed and avarice) to cater to the voice of the many at the expense of the few.

<https://web.archive.org/web/20150203035947/https://robertsspaceindustries.com/comm-link/transmission/12820-Insurance-FAQ-And-Update>

How do I get lifetime insurance?

Anyone who pledged for a copy of Star Citizen before November 26, 2012 automatically has lifetime insurance on their pledge ships; this protects the investment you made in the game in perpetuity. Anyone who pledged for a copy on or after November 26th starts with a finite insurance package for their ship. This can be anywhere from 2 months to 12 months depending on the ship and policy type. Lifetime insurance does not exist for modifications or cargo.

<https://web.archive.org/web/20150408060122/https://robertsspaceindustries.com/comm-link/transmission/14159-Future-Concept-Sale-Plans>

- **Lifetime Insurance** – one of the most common demands of CS is that we offer newly announced ships with cross-chassis upgrades to preserve LTI. While we maintain that Lifetime Insurance is a slight convenience and not a game changer, we know it's something a lot of backers want. We feel comfortable including it during concept sales of ships which have never been available before (and do not intend to make it available again for existing ships or variants.) We will however, be adding LTI retroactively to the Gladius and Xi'An Scout if they were purchased during their respective concept sales.

Why are you changing your plans and offering LTI for everyone with these limited ship purchases?

We're not happy with how the "grey market" for Star Citizen ships has evolved. A limited number of users have hoarded rare ships and sold them for a premium to backers who discovered the game later on. Every day, the CS department receives more reports of users scammed while trying to purchase limited ships in this fashion. The idea behind LTI is to reward early supporters, not to give anyone a way to mistreat other Citizens. We've made this call to reinforce that the end-of-the-year sale is intended to reward everyone, not give particular users a chance to stockpile valuable ships for future resale. A New backer will have to pay more for a limited ship with LTI than an Original Backer or Veteran backer. This way the Original Backers and Veteran backers still get a reward for believing early but New backers will have an opportunity to pick up some special ships with LTI and not be forced into the grey market.



<https://web.archive.org/web/20150130201559/https://robertsspaceindustries.com/comm-link/transmission/13377-Anniversary-Sale-Details>

We were also promised that Star Citizen would never have any "subscriptions". It is clearly stated on the initial Kickstarter campaign page that Star Citizen would not have any "subscriptions". ("No Subscriptions" : <https://www.kickstarter.com/projects/cig/star-citizen/description>) and yet later Chris Roberts started charging for subscriptions. His rationale for going against his earlier promise was that it was not a mandatory subscription and that the funds for the subscriptions went to producing a sort of "development subscriber program" and was not funneled, tied to nor associated with the actual development funds of the game itself. However later on, all of the "perks" that CIG/RSI gave to the backers were limited only to the subset of paid "subscribers" and so those backers who choose not to subscribe were left out, discriminated against, and treated as second class citizens in Star Citizen. In recent weeks, Chris Roberts, in a change of tune, announced that he was now funneling and transferring money that went to these "development subscriber program" subscriptions into the actual development of the game itself, which brings us one step closer to CIG/RSI effectively charging for subscriptions for the game, something they stated that they would never do.

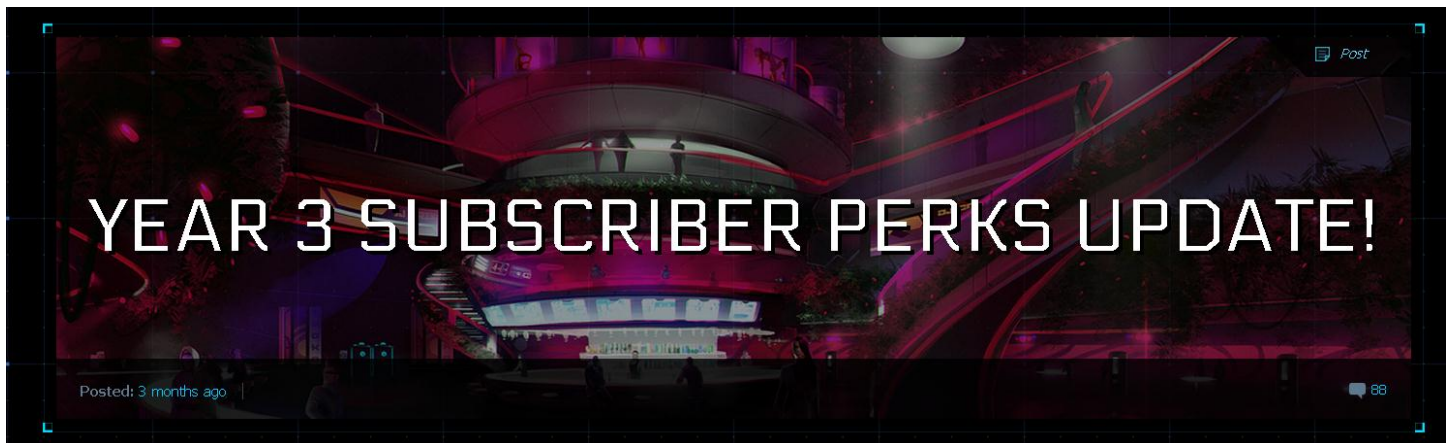
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▼ Is Star Citizen "free to play"? A subscription game?

To play Star Citizen you need only to buy the initial game. There will never be a monthly charge for usage. Some in-game items may be available as microtransactions, but we will NEVER sell anything that can't be acquired through honest (and fun!) gameplay.

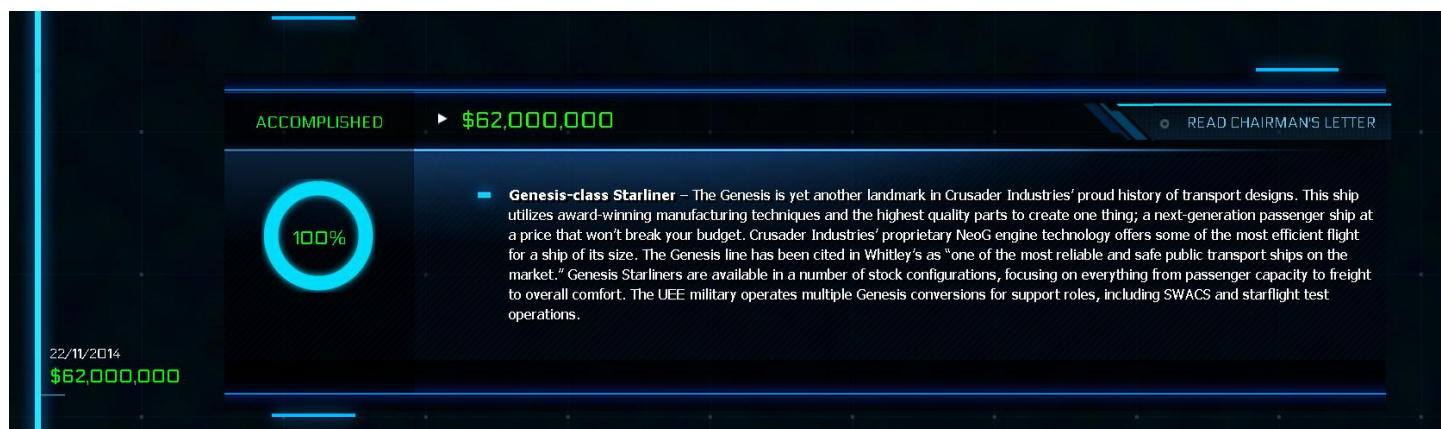
Last updated: Thu, Oct 18 2012 9:08 PM PDT



Chris Roberts would often make these aforementioned and other similar justifications by stating that he did a "poll" and that the "poll" showed that a majority of the backers were "okay" with certain changes and certain actions. However because of perpetual influx of new-comers to the game, (and the exponential growth that Star Citizen experienced) there is always more "new money" than "old money" and by this logic this would effectively and perpetually allow CIG/RSI to go back on its promises to early backers and funders under the deceptive guise and pretext of being "democratic". As long as Star Citizen can continue to attract newcomers at a geometric rate, they can continue to change the rules as they wish as they go along. Chris Roberts and CIG/RSI had individual contracts with the individual backers, he never had any group contracts or any collective contracts, therefore Chris Roberts and CIG/RSI should honor

their individual contracts and individual promises that he made to the backers and not hide or attempt to get out of it by invoking some unofficial poll that was conducted internally and itself was never independently audited.

In recent weeks, CIG/RSI announced that the FPS (first person) aspect of the Star Citizen game apparently ran into much technical and game-play issues and would essentially be put on hold indefinitely. This comes at a time in which the game itself should have already been delivered a year ago back in 2014. But yet at the same time, they also announced more ship sales, to wit: the sales of the Genesis Starliner at \$400 USD per instance of said virtual ship. Here again, CIG/RSI is double dipping if not triple dipping at the consumers expense. Back in 2014 CIG/RSI asked for and received 1 million USD to fund the creation of the Genesis Starliner virtual ship. At or around this time CIG/RSI had amassed approximately \$62 million USD in total funds and by Chris Roberts own admission the entire game was already fully funded. On or about November 22, 2014 CIG/RSI received the 1 million dollars that it had asked for and so the Starliner was also fully funded at that time. Now in 2015 CIG/RSI still has yet to create the virtual Genesis Starliner that the consumers had already fully funded back in November of 2014. But on or about Jun 27, 2015 and as of this writing, CIG/RSI publicly offered another round of asking for funds for the exact same ship that had already been fully funded in a game that had itself already been fully funded.



A screenshot of the Genesis Starliner product page. The page features a large image of the ship at the top. Below the image, the text "GENESIS STARLINER - LTI" is displayed in blue, followed by "Standalone Ship" in white. The price "\$400 USD" is shown in large yellow text. Below the price, the text "IN STOCK" is in green, and "MORE INFO" is in white. A blue button labeled "BUY NOW" is positioned to the right of the "MORE INFO" text. At the bottom of the page, a paragraph of text reads: "If you'd like to add one to your fleet, they're available in the pledge store until Monday July 6th. You can also view a detail of the ship in the Tech Overview of the ship page!"

GENESIS STARLINER - LTI
- Standalone Ship

\$400 USD

IN STOCK
[MORE INFO](#)

[BUY NOW](#)

If you'd like to add one to your fleet, they're available in the pledge store until Monday July 6th. You can also view a detail of the ship in the Tech Overview of the ship page!

If you were to signup and spend \$400 USD today thinking that you would get to play the Genesis Starliner and that said virtual ship would be delivered to you, you would be sorely mistaken. As of today, the Genesis Starliner does not exist and neither does the game itself. It was never created nor finished and it is not available for purchase. Anyone who buys the Genesis Starliner via the Star Citizen ship sales web-page is purchasing little more than concept sales and pixel art with the promise of there eventually being a produced Genesis Starliner virtual ship.

Where these practices fall into the realm of ponzi pyramid scheme is when CIG/RSI publicly stated that the funds from the sales of these concept art ships go towards enabling them to create and sell even more concept art of nonexistent or yet to exist virtual ships. Essentially CIG/RSI is selling futures and derivatives on a virtual ship that was already fully funded, in a game that was already completely paid for and using that money to perpetrate their continued never-ending scheme of selling even more new concept art ships, while never actually delivering on the game nor the actual virtual ships they had previously sold months or years ago based solely on promise of delivery, and all while we the consumers get back nothing in return for our investment except for more jpeg images, pixels and concept art and more vague and empty promises of eventually delivery of said virtual ships while CIG/RSI gets to shelter and protect themselves from any liability or responsibility by taking the stance that all 'sales' are actually donations or pledges and thus not subject to refunds even if they ultimately do not deliver on anything at all.

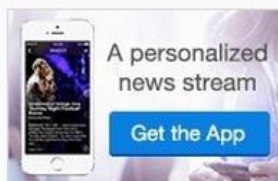
CIG/RSI also stated publicly at other times that the sales of some of their virtual ships - for example the exorbitantly priced Javelin at \$2500 USD per virtual ship - was to enable them to afford to be able to reduce the price for the sales of other more entry level virtual ships in hopes of gaining a broader audience:

Javelin	
	
KEY STATISTICS	
Builder	Aegis Dynamics
Minimum Crew	23 ^[1]
Standalone Price	\$2,500
Focus	Destroyer ^[source?]

"200 Javelins were made available during the November 28th, 2014 sale for \$2,500 each. The proceeds from those ships went towards allowing Cloud Imperium Games Corporation to sell 5,000 basic Aurora backers for new players" - (url : <http://starcitizen.wikia.com/wiki/Javelin>)

200 Javelins were made available during the November 28th, 2014 sale for \$2,500 each. The proceeds from those ships went towards allowing [Cloud Imperium Games Corporation](#) to sell 5,000 basic Aurora backers for new players.^[2]

First, this makes no logical sense whatsoever. As we have already established, digital goods have zero marginal cost of production. Whether CIG/RSI was selling the Aurora virtual ships at \$40 USD or \$20 USD it would all be pure profit and there is absolutely zero variable cost of unit productions. Second, the Aurora ships already existed (these basic entry level ships were already fully modeled, animated, developed, coded, etc and playable/purchasable) when (and prior to) the Javelins were first made available for sale. It is not like a portion of the sales of the Javelins went into development of the Aurora. CIG claims that the ships price was above "retail" (I thought they said this was a pledge/donation?) to help fund the \$20 starter packs that were also of "limited quantity". So for \$2500 USD, consumers got pixels and a concept art with the promise of a ship, a future ship with no weapons or equipment (an empty hull) and at the same time the privilege to help CIG/RSI discount a virtual good for half off. So you need to donate money to be able to help pay for them to sell you more things to help you pay for the next thing? How does that work? Which jury would buy this nonsense?



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Plugged In

'Star Citizen' earns Guinness World Record for insane crowdfunding haul

By **Chris Morris**

October 2, 2014 4:36 PM

Plugged In



Star Citizen is the biggest crowdfunded project ever. (Credit: RSI)

Chris Roberts sure knows how to raise money.

The creator of classic video games like Wing Commander has entered the Guinness Book of World

Star Citizen is by far the largest crowd funded project of any kind in any genre in the entire history of crowdfunding. At nearly \$85 million dollars and counting, Star Citizen has now amassed more money from public consumer crowdfunding than most traditional AAA PC gaming titles would receive from their publishers. To give another perspective, to date Star Citizen has received more money from crowd funding than all of the rest of Indie games and PC crowdfunded games combined. They should and must be held to a high standard. Based upon the facts that I have presented and the evidence shown, I believe CIG/RSI could be operating as an elaborate ponzi pyramid scheme regardless of intent and structured in such a precarious manner that if for whatever reason(s) (url : <http://is.gd/scamcitizen>) anything happened and they cannot deliver then the entire house of cards will come crumbling down in an exponential domino chain reaction style, leaving millions of victims in its wake and completely devastating the public trust in the future of crowdfunding.

I solemnly urge the FTC to investigate these concerns and complaints and to open a case on this matter based on the facts presented.

Sincerely,

Bo Chen

July 5th 2015